Changes in global commodity markets and effects on country trade performance: Nigeria.

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The consequences of the COVID-19 pandemic have gone far beyond the spread of the disease as measures taken by governments to protect the health of the population have caused serious disruption to the national and global economies. The pandemic is affecting the economies of many countries through several channels, including through changes in global commodity markets. This Brief presents a short overview of an assessment of the growth and poverty effects in Nigeria of disruption in primary commodity markets.

Changes in Global Commodity Markets and Effects on Nigeria’s Trade Performance

The effect of COVID-19 on the prices of 46 primary commodities is evident in Figure 1, which is based on forecasts released in October 2019 and April 2020 by the World Bank.1 In addition to changes in prices, countries are also affected by changes in global demand and market access. These changes are the result of measures enacted in response to the pandemic leading to reduced availability of air cargo and shipping services, changes in port and airport operations—from closures to changes in protocols, quarantine, additional documentation requirements, and reduced manpower.2

This analysis focuses exclusively on the impact of the disruption in global commodity trade, that is, of changes

![Figure 1: Changes in predicted prices for primary commodities](image-url)

in global prices and market access. No other changes are considered so as to isolate the latter effects. The ultimate impact of global price changes on the Nigerian economy will depend on the magnitude of individual price changes and composition of the basket of primary commodities internationally traded by the country. As shown in Figures 2 and 3, primary commodities accounted for 96 and 44 percent of Nigeria’s total exports and imports in 2018, respectively. International prices for the large majority of these commodities have fallen in the wake of the COVID pandemic (Figures 4 and 5). The hardest hit sectors are petroleum, petroleum gases, and electrical energy, with a price decline of close to -40 percentage points (pp), followed by mineral and chemical fertilizers (-13 pp), and natural rubber (-10 pp). Only two export commodities experienced a rise in prices: crustaceans (4 pp) coconuts, and cashew nuts (9 pp). Petroleum products and fertilizers are also leading the changes in import prices with similar rates of decline, along with more modest changes in prices for structures, tubes, and pipes (-14 pp), as well as new pneumatic tires, tubes, and pipes (-14 pp). The highest increase in international prices are observed for sugar and palm oil (12 pp). The average change in export and import prices and related changes in export and import values are presented in (Figure 6).